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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1977

No. 77-1710

NATIONAL WILDLIFE ART EXCHANGE, INC.,
and RALPH H. STEWART,

Petitioners,

v.

FRANKLIN MINT CORPORATION,

Respondent.

MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE
and
BRIEF AMICUS CURIAE OF
AMBASSADOR GRAPHIC ARTS, INC.
AMERICANA GRAPHICS, INCORPORATED
BAMA FINE ARTS
COTTAGE HILL WILDLIFE ART
FOXFIRE FINE ARTS
MASTERPIECE REPRODUCTION CO.
REALTECH ART, INC.
STEARNS & ASSOCIATES

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TO: The Honorable Chief Justice and Associate Justices of the Supreme Court of the United States

The aforementioned amici respectfully move for a leave to file the annexed Brief Amicus Curiae in support of the petition in the above captioned case for a writ of certiorari to the United States Court of Appeals for the Third Circuit. Consent to the filing of the annexed brief was sought from both parties through their attorneys of record. This motion is necessary because the respondents do not consent to the filing of the Brief Amicus Curiae.

This motion and the attached brief are submitted because the questions presented on the petition in this

case are of basic importance to the ability of the petitioner and of those in his like stead, amicus curiae in this case, to continue to remain in the business of selling limited edition fine art paintings. The issue is of import far transcending the specific interests of the parties to this litigation and one upon which the views of the amicus curiae herein may be of some assistance to this Court. An explanation of the business of limited edition print manufacturers and the pitfalls involved in such business are included in an article in FORBES MAGAZINE, July 10, 1978, a copy of which is attached to this Motion as Appendix A.

Because the effect of the decision below is to nullify the rights of those acquiring copyrights in fine art paintings and those who purchase prints believing them to be of limited edition, the amici are deeply concerned with the lower court ruling and submit this motion and the annexed brief to the end that the uncertainties and inequities generated by the ruling below may be promptly resolved.

Respectfully submitted,

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STEARNS & ASSOCIATES
IN SUPPORT OF
THE PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

ARGUMENT

1. The Purchaser of a Copyright is Entitled to Acquire Exclusive Rights.

The intent of Congress, as expressed in the Copyright Act of 1976, effective January 1, 1978, is that the artist

or the author of any other copyrightable work can transfer his or her copyright in that work. Under the common law rule in effect in most states prior to January 1, 1978, an artist, merely by selling his painting, transferred all rights, both tangible and intangible, in that painting. *Pushman v. New York Graphic Society, Inc.*, 287 N.Y. 302, 39 N.E. 2d 249 (1942). In order to retain reproduction rights in the painting the artist was required to expressly so reserve them to him or herself. Congress, recognizing the essential unfairness of such a ruling, in enacting the Copyright Act of 1976, in effect, reversed the doctrine of *Pushman v. New York Graphic Society, Inc., supra.* Through the interaction of 17 U.S.C. §301, 17 U.S.C. §202, and 17 U.S.C. §204(a), an artist who sells a painting now merely sells the physical painting unless he or she transfers the intangible or literary property rights in the painting in a signed document of conveyance.

Under either the common rule of *Pushman, supra,* or the statutory scheme in the Copyright Act of 1976, the transferee of the intangible rights in a painting who has paid valuable consideration for those rights must be entitled to assume that he or she has acquired exclusive rights.

The effect of the ruling of the United States District Court for the Eastern District of Pennsylvania and the United States Court of Appeals for the Third Circuit is to make it impossible for a transferee to be certain of the extent of the rights acquired in a painting. If, as is the situation in the instant case, where Mr. Gilbert knew that he was selling his copyright, an artist transfers all of his rights, tangible and intangible, in a painting for valuable consideration and then produces a second painting which is, as characterized by the trial court, a "variation on a theme," then the transferee of the first painting has acquired an extremely limited right.

Amici herein, as is the petitioner, are small businesses. They derive their income by selling purchasers fine art print reproductions in limited editions. They warrant to their customers that only a limited number of prints of each work of art are to be sold. The assurance that only a relatively few prints are available to the public is relied on by the purchasers of the print. What assurances can companies in the business of selling limited art reproductions now provide their customers? If an artist such as Mr. Gilbert, who has received valuable consideration for selling exclusive rights in a painting, can paint a similar painting and then sell that painting to a third party, such as respondent Franklin Mint Corporation, who in turn publishes art reproductions, the purchaser of rights in the original painting has, in effect, acquired virtually no rights. The "variations on a theme test" leaves the purchaser of a copyright, and in particular the amici in the instant case, in a position of not being able to warrant to their customers that they are truly acquiring limited edition prints.

2. The Tests for Copyright Infringement.

The two essential elements of copyright infringement are present in the instant case. That Mr. Gilbert had access to the petitioner's work is a given in this case. Mr. Gilbert painted both "Cardinals on Apple Blossom" and "The Cardinal." It is on the second element of infringement, that of similarity, that the trial court and the Court of Appeals erred. Both courts relied heavily on the dissimilarities between the two paintings. The trial court, in its Findings of Fact, No. 51, listed some 10 differences between the two paintings. It relied heavily on the fact that "Cardinals on Apple Blossom" depicted a butterfly, but that "The Cardinal" did not.

> The absence of the large yellow butterfly in "The Cardinal" negates any striking similarity.

As a test of infringement, however, the fact that there exist differences between the two paintings is immaterial. Judge Learned Hand, in *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49 (2d Cir. 1936), rejected defendant's argument that a motion picture did not infringe a play because there were dissimilarities between the two. In finding infringement he said:

> True, much of the picture owes nothing to the play; some of it is plainly drawn from the novel; but that is entirely immaterial; it is enough that substantial parts were lifted; *no plagiarist can excuse the wrong by showing how much of his work he did not pirate.* (Emphasis added.)

In considering the dissimilarities between the two paintings, the lower courts failed to consider the intent of Mr. Gilbert. Why did the artist leave out the butterfly in the second painting? Why does the new blossom in the second painting which replaced the butterfly look like a butterfly? Why did he juxtapose the position of the two cardinals? His intent may well be inferred from these negligible changes. Mr. Gilbert is an artist in the business of selling his paintings for reproduction in limited edition prints. In that he is unlike the artists Winslow Homer and Claude Monet cited in the lower court opinions. Mr. Gilbert and The Franklin Mint were well aware of the success of "Cardinals on Apple Blossom." In painting "The Cardinals" Mr. Gilbert attempted to create the same mood and expression of the first painting without creating an exact duplicate. The same principle "make it the same but different" has been attempted by textile fabric duplicators in copying designs, but with much less success in the courts than respondent has thus far enjoyed. *Peter Pan Fabrics, Inc. v. Candy Frocks, Inc.*, 187 F. Supp. 334 (S.D. N.Y. 1960); *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487 (1960); *Concord Fabrics, Inc. v. Marcus Brothers Textile Corp.*, 409 F.2d 1315 (2nd Cir. 1969); *Key West Hand Print Fabrics, Inc. v. Serbin, Inc.*, 244 F.Supp. 287 (S.D. Fla. 1965).

CONCLUSION

Amici do not argue that an artist is forever precluded from treating in a second painting a subject he has previously painted. While it may be true that Monet repeatedly painted the same scene, the issue in this case is significantly different. The rule of *Gross v. Seligman*, 212 Fed. 930 (2d Cir. 1914), more nearly applies. Where an artist sells all rights in a painting to fine art reproducers and then in turn competes with those very same persons who have paid valuable consideration for the original painting, the courts must set limits which preclude the artist from, in effect, competing with those to whom he has sold his rights.

The lower court decisions not only seriously hinder the publisher of limited edition art reproductions but, of necessity, those decisions will also have a substantial deleterious effect on the artists whose works are reproduced. Without the assurance of exclusivity, amici and their like will undoubtedly be unwilling to pay substantial fees to artists who can in effect compete directly with the original purchaser of rights by selling a substantially similar painting to another publisher.

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APPENDIX A

[Article from *Forbes Magazine*, July 10, 1978:
"Limited Edition Lithography:
Buyer Beware!"]

[continued]

Limited Edition Lithography: Buyer Beware!

The multiple images of printmaking and lithography are bringing good art to a wide audience. But they are also opening the door to phony investment pitches, deception and outright swindles.

By JAMES O'HANLON

AT THE TURN of the century when art expert Samuel Putnam Avery offered his big print collection to New York's Metropolitan Museum of Art, the trustees rang for the fellow who let Avery in. Art in those days was strictly for the carriage trade and only one-of-a-kinds counted—like paintings and sculpture. Back then a quality print by a 19th-century master that *today* might cost $50,000 sold for $25. Duplicate images off etching plates or lithographic stones just were not considered status art. As for Avery's prints, *they* eventually became the foundation for the New York Public Library's print collection—one of the world's largest.

Marilyn Multiplied: Andy Warhol shook up conventional notions of the artist's creative role when he began using photographic silk-screening techniques to reproduce "pop" images. A print from his "Marilyn" series—an edition of 3,000—first sold for $950 in 1968 and now costs $1,600.
Courtesy of All State Art, Inc.

Then came the revolution. The 1960s Americans, their taste raised by higher education and the mass media, began to discover that prints allowed an original Chagall, even an original Picasso, to be bought for a fraction of what a painting or a sculpture by the same artist would cost. Soon there were more Chagalls than Mercedes in New York City.

Stories began to spread about how much money could be made. An M.C. Escher engraving, for example, bought for $50 during the 1940s, when most people wouldn't have known a lithograph from a wallpaper sample, sold for 500 times that price during the early Seventies, when inflation was soaring and the whole world seemed like Argentina. Even last month an Escher woodblock print executed in 1939 called "Metamorphose" sold for $40,000.

Only a faint echo of the 1973 boom remains, but neophyte art buyers and profit-minded home decorators are being courted by a market segment of grubby, buyer-beware print discount stores, promise-them-anything art investment hustles and unethical sales practices. Worse, the greediness flourishes through consumer ignorance and a confusion of new printmaking techniques that border on photography.

Here is just a partial list of the many ways in which an innocent consumer can walk into a downtown poster emporium where "art" is stacked fifteen deep against the wall, or even into one of its baronial uptown counterparts, and walk out later with a whole lot less than he bargained for:

1) Many lithographs, silk-screen prints, etchings, *et al* are published in duplicate editions that the buyers, and sometimes even the salesmen, don't know about. For example, one edition of 100 lithographs may be printed on Arches paper and numbered, say, 1/100 or 23/100 in Roman numerals, while a second edition is printed on Japan paper and numbered in Arabic numerals. Sometimes the buyer isn't told that there's an American edition of 100, a European edition, perhaps a Japanese edition.

2) Forged signatures—or Who Signed That $1,000 Lithograph? Signed prints are usually more expensive than unsigned prints by the same artist. According to New York City Police Detective Robert Volpe, if an artist leaves an edition or part of an edition unsigned, there is a chance that someone will sign it for him.

3) Framed photoreproductions of prints (and even paintings) may be palmed off as authentic prints. (Lithographs are easier to fake this way than etchings, which leave an obvious impression in the paper.) Sometimes mass-produced posters are matted so that the lettering is blocked and sold as part of a limited edition. (A photo-offset reproduction of a print will always show neat lines of black dots under a magnifying glass. Every dealer should have one in his pocket.)

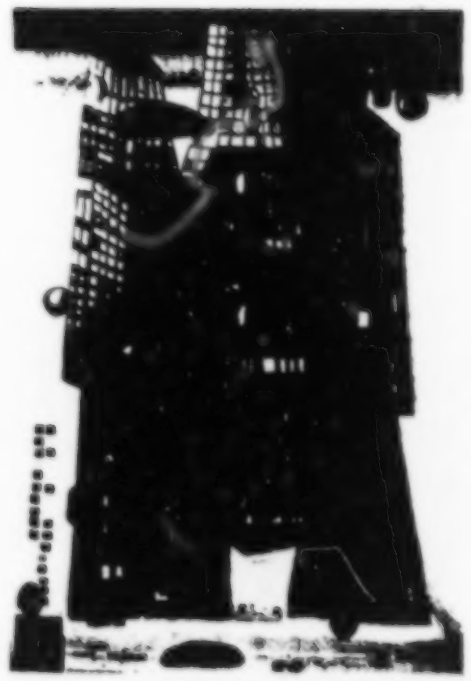
4) Extra prints may be run off at unsupervised printings and later sold as part of the edition or as artist's proofs.

5) Litho plates, stones, engraving plates and silk screens are often not destroyed after a limited edition is pulled, even though it is the concept of a limited edition that gives the value of rarity to a print. How many later copies came to market? That depends on the artist's ethics, the ethics of his heirs or consignors or conflicting concepts of an artist's responsibility to the art market.

2a

3a

Art For Status' Sake: Before the 1960s prints typically were made in editions of 50 to 100. Then came hordes of status seekers, and edition sizes soared. In 1969 Austrian artist Friedensreich Hundertwasser, who lives in the New Zealand bush, set a new standard, publishing his silk-screen print called "Good Morning City" in an edition of 10,000. The version at left was reproduced 8,000 times. The one on the right, 2,000. It took Hundertwasser three years to sign and number the combined edition. For each color used, a separate silk screen was cut. Value? Back in 1969 each of the 10,000 prints sold for under $100. Today, despite the large number around, they cost anywhere from $650 to $850.



Courtesy of Aberbach Fine Art

6) Many artists, including many esteemed "name" artists, do not make the silk screens, plates or stones from which their prints are made.

Imagine what is possible in the graphics supermarkets like the ones that flourish in New York City. Some of the salespeople who work in such places know little more about prints than do their uninitiated customers. The used-car business is pure ethics by comparison.

Some dealers coin gold out of what might be called an art sophistication gap. It is well known among print folk, for example, that the late Alexander Calder did not make most of the many lithographs bearing his signature that sell in almost any graphics gallery for prices up to $2,000. Says reputable art dealer Sylvan Cole Jr., "Calder dabbled in prints. In his later years he just turned over his drawings to other people."

But when FORBES asked the owner of a well-known Madison Avenue gallery in New York if the colorful Calder lithograph that he was selling for $750 was actually executed by the venerable master, the dealer replied, "It was done by the method that is considered to be typical of the artist." Meaning that Calder probably did a gouache drawing and turned it over to a printmaker.

And Calder was not the only well-known artist to have taken advantage of the opportunities in the expanding print market without doing much real printmaking. Salvador Dali, LeRoy Neiman, Marc Chagall and lately even Norman Rockwell, whose original oil paintings for *Saturday Evening Post* covers have been reproduced photomechanically, are just a few of the print-market "stars" who have signed their names to lithographs, etchings or silk screens made by technicians from the artists' original images.

When one New York gallery saleswoman was reminded that a certain popular artist probably hadn't made the silk-screen for the print that she was offering for $500, she flushed and pitched furiously, "You don't understand!"

Indeed, we barely do. We know that Andy Warhol is famous and rich from silk-screening photographs of Marilyn Monroe—and from the shoulders up, yet. And we know, too, that ultimately the fault for rip-offs lies with ourselves, the consumers. "To tell you the truth," says one gallery owner, "very few people who come in here even know enough about art to ask the right questions." As if to prove his point, he continues, "That lithograph on my wall that you were admiring is actually a picture of a Gustav Klimt painting that I ripped out of a magazine. I'm only selling it for the price of the frame. I just wish business was good enough so that I wouldn't have to do these things."

So it is not enough to ask the right questions, but it becomes important to ask them of somebody who will return the correct answers. After finding a print dealer with a reputation worth protecting (there are plenty around), ask these questions before you buy a print: When was this print edition published? How large was the edition? Any duplicate editions? ("It makes no difference how many editions are printed," says publisher Alex Rosenberg, head of New York-based Trans World Art, Inc., which publishes a few duplicate editions itself, "as long as the purchaser is privy to this information.") How many extra prints—artist's proofs—were made? What was the nature of the artist's involvement in the printmaking process? And, finally, did the artist or the publisher destroy or "cancel" (by scratching a line through an engraving plate, for example) the original stone, plate or silk screen after the limited edition was printed? Better yet, make sure your bill of sale includes all of the above information.

If the artist didn't destroy the plates, the same thing might happen to him as happened to Pablo Picasso. (He should live so long.) The prolific Picasso did a lithograph back in 1957 called "La Petite Corrida" (The Small Bullfight) in a limited edition of 50. But Picasso, like many artists of his day, didn't destroy the plate. Now a New York marketing outfit called The Metropolitan Gallery of Fine Art (*sic*), which contends that one of the original 50 Picasso prints is today worth "many thousands of dollars," is offering the same lithograph in a new edition of *8,000* for a mere $125 per print. What about the guy who may have recently paid "many thousands of dollars" for one of the original 50? Suddenly he's got one of 8,050. Yes, it might be argued, but his was signed by the great Picasso. How much is a Picasso autograph worth?

". . . Print salespeople continue to go out of their way to stress investment aspects of print buying despite estimates that 90% of art depreciates in value. . . "

We hate to say it, but you have to use almost as much caution in shopping for a lithograph as you do for a used car. Dealing and haggling is common and to be expected. Dealers usually buy new prints for 50% of the publisher's list price—so they have plenty of room to deal. Then, too, some dealers get better deals than others. "A publisher called me this morning with a new edition," says one dealer. "He offered the regular 50% discount, plus 40%." In other words, a print listed at $200 would be sold to one dealer for $100 and to another for $60. That means a careful print shopper could conceivably come across the same print selling for anywhere from $90 to $200—and in almost all cases the dealer would be making a nice margin. What does the artist get? Big names, of course, get better deals. But a young artist just getting started would be lucky to get 10% of the list price as part of his deal with the publisher.

So, what of the dream of making a killing in lithographs, as people sometimes do in one-of-a-kind art? It's almost impossible. Remember, in the first place, that 100% markup. Your print must double in value before you even make back the typical dealer's discount. (Where are the *customers'* yachts?) If it takes, say, ten years for the print to do that, you have made a fast 6% on your money. Unless you really like the print, you are better off in savings certificates.

In prints, moreover, the sky is rarely the limit. The highest price for a lithograph is $188,650 for an 1897 Toulouse-Lautrec sold in 1973 (one of 12 in that edition). A Picasso painting may go for $300,000 to over $1 million, while comparable Picasso lithographs cost between $15,000 and $180,000. Museum-quality prints of well-known artists sell for as little as $1,000; paintings by the same artists will cost at least ten times more.

But people can dream, can't they? "Almost everyone who comes in here asks about appreciation," says gallery owner Mitchell Sewall. Publisher Alex Rosenberg agrees: "People are more interested in the appreciation of art's monetary worth than in the quality of the art."

So, just as predictably, print salespeople continue to go out of their way to stress the questionable investment aspects of print buying—despite expert estimates that 90% of art sold depreciates in value rather quickly.

Consider, for example, an attractive young saleswoman in a midtown gallery who sizes up her prey, then blurts out: "Are you interested in art? I've got a very good investment for you." She goes on to describe a portfolio of 13 prints by 13 different artists in an edition of 200 sets, respectfully commissioned "in honor of Michelangelo's birthday." (Don't ask what she did for Michelangelo *last* year.) The price: something over $5,000 a set.

"Pure gimmickry," says one art expert. "That is as much of an investment as an Irish Sweepstakes ticket. Look, there are thousands of artists making prints today, and even the good ones are overproducing. Who knows which prints and which artists are going to make it to the top?"

So cool your jets, all you baby Rockefellers and high-rise de Medicis. Follow instead the advice of the cool-headed print curator at the Metropolitan Museum of Art, Colta Ives: "Don't buy art as an investment. Don't pay more for it than it is worth to you to have it hanging on your wall." ■

Fake: In his right hand, print dealer Sylvan Cole Jr. holds a photomechanical forgery of a Giorgio Morandi etching. The *real* Morandi in his left hand sells for $6,000.